

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE

Call to Order: By **CHAIRMAN JEFF PATTISON**, on January 17, 2003 at 8 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Rep. Jeff Pattison, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Edward Butcher (R)
Rep. John Musgrove (D)
Sen. Linda Nelson (D)
Rep. Rick Ripley (R)
Sen. Debbie Shea (D)

Members Excused: None.

Members Absent: None.

Staff Present: Kelly Gorin, OBPP
Gary Hamel, Legislative Branch
Elaine Olsen, Committee Secretary
Doug Schmitz, OBPP

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp for these minutes appears at the beginning of the content to which they refer.

Committee Business Summary:

Executive Action: Department of Natural Resources and Conservation Budget

Voice votes unless otherwise noted.

EXECUTIVE ACTION ON DEPARTMENT OF NATURAL RESOURCES

{Tape: 1; Side: A; Approx. Time Counter: 1 - 14}

Chuck Swysgood, Director, Office of Budget and Program Planning (OBPP), stated he had a concern with the Department of Natural Resources and Conservation (DNRC) budget and the Crow Tribe Settlement payment. **Director Swysgood** asked that the Department not be penalized by being required to leave the \$1 million out of their base budget. All the Department does is administrate the fund.

DP5

Gary Hamel, Legislative Fiscal Division (LFD), introduced DP5, a request for an operating adjustment for rent.

Doug Schmitz, OBPP, stated that DP5 includes a reduction in State Special Revenue as well as General Fund.

EXHIBIT (jnh10a01)

Motion/Vote: SEN. NELSON moved that DP5 DO PASS. Motion carried 7-0.

DP22

Gary Hamel stated that DP22 was for rewiring at the Department headquarters with funding coming from the federal indirect rate. The executive request is for one-time-only (OTO).

Motion/Vote: SEN. NELSON moved that DP22 DO PASS, RESTRICTED, ONE-TIME ONLY. Motion carried 7-0.

DP7020

Gary Hamel said that DP7020 is a request to remove three FTE and associated funding. Positions include a deputy director, receptionist and an information support technician. Included in the reduction is \$60,000 allocated to move to pay plan 20. The reduction in General Fund is \$134,685 in FY04 and \$134,400 on FY05.

Doug Schmitz stated the Budget Director told agencies that if they went to the broadband pay plan, they must reduce the operating budgets to compensate for the increase.

Motion/Vote: SEN. NELSON moved that DP7020 DO PASS. Motion carried 7-0.

{Tape: 1; Side: A; Approx. Time Counter: 14 - 20}

DP3

Gary Hamel introduced DP3, oil and gas operating adjustments, a request for personal services increases including board member per diem, exempt salaries and associated benefit increases. Oil and gas ERA is the funding source.

Motion/Vote: REP. RIPLEY moved that DP3 DO PASS. Motion carried unanimously.

DP8

Gary Hamel stated that DP8 includes a request for three FTE and related operations costs to address workload increases associated with coal bed methane activity. The funding is oil and gas ERA.

Motion/Vote: REP. RIPLEY moved that DP8 DO PASS. Motion carried 6-1 with CHAIRMAN PATTISON voting no.

DP23

Gary Hamel said that DP23 is for \$30,000 for replacement of a heating system in the Billings office, funded by State Special Revenue.

REP. PATTISON stated that he would move DP23 at \$25,000, the amount he recalled as being presented originally.

Motion/Vote: CHAIRMAN PATTISON moved that DP23 DO PASS AS AMENDED at the amount of \$25,000. Motion carried 6-1 with REP. MUSGROVE voting no.

Gary Hamel asked that CHAIRMAN PATTISON clarify the passage of DP23 as OTO. CHAIRMAN PATTISON stated that was his intent on the motion.

Motion/Vote: SEN. BUTCHER moved that DP23 BE INCLUDED AS ONE-TIME-ONLY DO PASS. Motion carried 7-0.

{Tape: 1; Side: A; Approx. Time Counter: 20 - 28}

DP51

Gary Hamel introduced DP51, a coal bed methane impoundment water study which is a biennial appropriation funded by State Special Revenue at \$200,000.

Motion/Vote: SEN. NELSON moved that DP51, ONE-TIME-ONLY RESTRICTED BIENNIAL DO PASS. Motion carried 7-0.

DP52

Gary Hamel addressed DP52, a request for authority to obtain and place the data into electronically retrievable formats, funded by State Special Revenue.

Motion/Vote: SEN. NELSON moved that DP52, ONE-TIME-ONLY, RESTRICTED DO PASS. Motion carried 7-0.

Motion/Vote: SEN. BUTCHER moved that the SPECIAL LANGUAGE RECOMMENDATION AUTHORIZING THE DNRC TO DECREASE STATE SPECIAL REVENUE MONEY IN THE UNDERGROUND INJECTION CONTROL PROGRAM AND INCREASE FEDERAL SPECIAL REVENUE BY A LIKE AMOUNT WHEN THE AMOUNT OF FEDERAL ENVIRONMENTAL PROTECTION AGENCY FUNDS AVAILABLE FOR THE PROGRAM BECOMES KNOWN AND THAT ANY SPECIAL FEDERAL REVENUE IS TO BE SPENT BEFORE STATE SPECIAL REVENUE DO PASS. Motion carried 7-0.

{Tape: 1; Side: A; Approx. Time Counter: 28 - 31}

DP12

Gary Hamel addressed DP12, \$500,000 of each year of the biennium of General Fund to pay for the Crow Tribe Settlement.

Motion/Vote: SEN. BUTCHER moved that DP12, CROW TRIBE SETTLEMENT PAYMENT EXPENDITURE DO PASS. Motion carried 7-0.

DP28

Gary Hamel introduced DP28, the Grass Conservation Commission request for a biennial appropriation adjustment due to a vacant executive secretary position.

Motion/Vote: SEN. NELSON moved that DP28 BIENNIAL DO PASS. Motion carried 7-0.

DP230

Gary Hamel said that DP230 addressed a request to reduce the severance tax shared account for 7.75 percent to 4.18 percent.

Doug Schmitz stated that this was the executive proposal to follow-up with HB10 from the Special Session. It is an attempt to meet the General Fund reduction. HB77 would affect this DP.

Motion/Vote: CHAIRMAN PATTISON moved that DP230, COAL SEVERANCE SHARED ACCOUNT REDUCTION FROM 7.75 PERCENT TO 4.18 PERCENT DO PASS. Motion failed 3-4 with CHAIRMAN PATTISON, SEN. BUTCHER AND SEN. TASH voting aye. Roll call vote.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 15}

DP7009

Gary Hamel stated that DP7009 was a Special Session adjustment proposal including a request to add .5 FTE and associated operating authority to administrate the account for the Revolving Loan programs. Funding includes a \$26,801 reduction General Fund in FY04 and \$25,560 in FY05 with the remainder from State Special and federal special revenue.

Motion/Vote: SEN. NELSON moved that DP7009 DO PASS. Motion carried 7-0.

DP7020

Gary Hamel stated that DP7020 is a reduction to meet target and would eliminate 1.0 FTE, an agricultural engineer specialist position. The proposed reductions include \$18,000 each year for the move to pay plan 20.

Motion/Vote: REP. RIPLEY moved that DP7020 DO PASS. Motion carried 7-0.

Unspecified Reduction Adjustment

Gary Hamel asked if it was the Committee's desire to use the reductions listed in the gray section of their handout as an offset to the unspecified reduction adjustment from the base.

Motion/Vote: SEN. NELSON moved that PURSUANT TO THE PASSAGE OF HB176, MOVE THE FUNDING FOR ADMINISTRATIVE COST FOR REGIONAL WATER SYSTEM MODIFIED FTE AND OPERATING EXPENSES TO COORDINATE STATE AGENCY ACTIVITIES WITH THE REGIONAL WATER SYSTEMS FOR DRY PRAIRIE AND NORTH CENTRAL MONTANA; THE NORTH CENTRAL MONTANA REGIONAL WATER SYSTEM FOR \$135,000 STATE SPECIAL REVENUE EACH YEAR; AND THE DRY PRAIRIE RURAL WATER SYSTEM PROJECT DO PASS. Motion carried 7-0.

{Tape: 1; Side: B; Approx. Time Counter: 15 - 25}

CHAIRMAN PATTISON asked why language recommendations were used.

Doug Schmitz stated that language has been used as a vehicle to reduce essentially what the bottom line in HB2 looks like because it doesn't show as an appropriations.

Director Clinch stated the Department requests language appropriations as a contingency. It has been the desire of past Legislatures not to allocate the money in an appropriation because it will roll on to the ending fund balance and will show as an increase in appropriated funds.

Motion/Vote: REP. MUSGROVE moved that ADOPT SPECIAL LANGUAGE RECOMMENDATION DO PASS. Motion carried 7-0.

{Tape: 1; Side: B; Approx. Time Counter: 25 - 30}

DP10

Gary Hamel introduced DP10, Water Resource Division operating expense adjustment. It is a request to fund overtime, per diem, and other adjustments for operating expense items. The combined reductions would reduce General Fund by \$630,416. State Special Revenues will be used to offset some of the reductions.

Motion/Vote: SEN. SHEA moved that DP10 DO PASS. Motion carried 7-0.

DP13

Gary Hamel introduced DP13, a request to restore OTO water project rehabilitation which includes \$2.3 million to fund rehabilitation and repairs of a number of different dams. One of the RIT funds, the Water Storage Fund, would be \$1.9 million of the funding. The Department has indicated that if the cash is not available in the fund, it would not be spent.

{Tape: 2; Side: A; Approx. Time Counter: 1 - 12.2}

Gary Hamel stated that in his calculations he has adjusted for the long-term portion of the liability in the amount of \$836,000 in the RIT Water Storage Fund. The short-term receipts have been accounted for.

Motion/Vote: REP. PATTISON moved that DP13 ONE-TIME-ONLY, RESTRICTED BIENNIAL DO PASS. Motion carried 7-0.

SEN. SHEA asked why the Committee would designate this a OTO appropriation. **Gary Hamel** explained that the designation allows the committee to review the project each biennium as the proposal does not go into the base funding amount if it is designated OTO. **Doug Schmitz** stated that every session the Department has to propose the item again.

{Tape: 2; Side: A; Approx. Time Counter: 12 - 21}

DP20

Gary Hamel described DP20, a request for a biennial appropriation at the Broadwater hydro power project to fund fisheries mitigation work required by the Federal Energy Regulatory Commission(FERC) operating license for fisheries habitat

evaluation, mitigation and improvement. Funding is from state special funds.

SEN. TASH asked about the source of \$32,000 of the funding. **Jack Stoltz** replied that the entire \$96,000 come out of hydro earnings and is split into two functions, one is \$32,000 to do an assessment and reporting for FERC, and the \$64,000 is for the actual mitigation project.

Motion/Vote: **SEN. SHEA** moved that DP20 BIENNIAL DO PASS. Motion carried 7-0.

DP7025

Gary Hamel said that DP7025 is a General Fund reduction of \$18,000 in FY04 and \$14,157 in FY05. Water Resources Division will reduce the leased vehicle fleet by four vehicles.

Motion/Vote: **SEN. NELSON** moved that DP7025 DO PASS. Motion carried 7-0.

DP19

Gary Hamel stated DP19 is to restore the OTO water rights verification project. The budget includes a request for authority to add modified FTE to continue the verification of old water rights permits. **Gary Hamel** stated that the project tends to be ongoing over the next few fiscal years. Costs to complete the project would be approximately \$488,000. **Director Clinch** said the Department anticipated switching the funding later in the process.

Gary Hamel stated that he would recommend that the Committee move over DP19 and adopt the Department's recommended decision.

Director Clinch stated that he feared that if the committee moved over DP19, then there would be no project to give up for the funding switch later in the process. **CHAIRMAN PATTISON** stated he would resolve the confusion over the break.

{Tape: 2; Side: A; Approx. Time Counter: 21 - 30}

Gary Hamel directed the Committee to the Water Resource Division handout, Number 2 on the sheet. The package would complete a funding switch within the Department regional offices, would increase State Special Revenue by \$160,000, and decrease General Fund by \$160,000. The committee would then revisit DP19.

REP. MUSGROVE asked how much this would impact the ability to get the Water Rights programs in order. **Director Clinch** replied that it would defer work on the program for at least the biennium.

Jack Stoltz said that staffing would be reduced, and all that staff is working on the water rights.

REP. MUSGROVE stated his concern that if Montana doesn't get its water problem in order in a timely fashion that the state will be in trouble. The impacts of what is happening in the United States with the drought situation is just the "tip of the iceberg." He continued: "I think that we will regret this particular decision because it is a short-term solution to something that will impact us for a long time."

{Tape: 2; Side: B; Approx. Time Counter: 1 - 4}

REP. RIPLEY asked how much the loss of this funding would impact the adjudication of water rights. **Jack Stoltz** replied that these employees do not work directly with adjudication of claims.

Motion/Vote: **REP. PATTISON** moved that **PROGRAM 24 WATER RESOURCES FUNDING SWITCH DO PASS**. Motion carried 6-1 with **REP. MUSGROVE** voting no.

Motion/Vote: **REP. RIPLEY** moved that **DP19, ONE-TIME-ONLY RESTRICTED DO PASS**. Motion 7-0.

DP7002

Gary Hamel stated that DP7002 is for the applicants to pay the water rights notice cost. General Fund would be replaced with State Special Revenue of \$46,000 over the biennium. A rule change would have to be enacted.

{Tape: 2; Side: B; Approx. Time Counter: 4 - 18}

Motion/Vote: **SEN. BUTCHER** moved that **DP7002 DO PASS**. Motion carried 7-0.

DP7020

Gary Hamel addressed DP7020, a reduction to meet budget target which would eliminate 1.0 FTE, a civil engineering specialist position. This would reduce the General Fund by \$116,000 on FY04 and \$111,000 in FY05.

Motion/Vote: **SEN. NELSON** moved that **DP7020 DO PASS**. Motion carried 6-1 with **REP. MUSGROVE** voting no.

Program 24

Gary Hamel said the language in Program 24 that is being recommended in the executive budget is \$1 million, \$70,000 and

\$500,000 for three projects. The language is restricted by its nature.

{Tape: 2; Side: B; Approx. Time Counter: 18 - 23}

Motion/Vote: REP. RIPLEY moved that PROGRAM 24 SPECIAL LANGUAGE APPROPRIATIONS OF \$1 MILLION, \$70,000. AND \$500,000. RESPECTIVELY FOR THE BROADWATER REPLACEMENT AND RENEWAL ACCOUNT; BROADWATER MISSOURI DIVERSION PROJECT; AND REPAIRING, IMPROVING AND REHABILITATING OF DNRC WATER PROJECTS DO PASS. Motion carried 7-0.

DP6

Gary Hamel introduced the Reserved Water Rights Compact Commission(RWRCC) budget, DP6, which includes a request for authority to pay per diem for nine Commission members. This is General Fund for \$8,837 in FY04 and \$11,399 in FY05 and are increases.

{Tape: 3; Side: A; Approx. Time Counter: 1 - 14}

Motion/Vote: SEN. SHEA moved that RESERVED WATER RIGHTS COMPACT COMMISSION DP6 DO PASS. Motion failed 3-4 with SEN. SHEA, SEN. NELSON and REP. MUSGROVE voting aye.

DP11

Gary Hamel began the Forestry Division discussion with DP11, a request to make a fire seasonal pay exception of 20 percent a permanent increase. The funding source for the \$200,000 annual increase would come from forestry fire protection taxes and forest resources federal authority.

Motion/Vote: SEN. BUTCHER moved that FORESTRY DIVISION DP11 ONE-TIME-ONLY DO PASS. Motion carried 7-0.

DP21

Gary Hamel stated that DP21 would authorize the expenditure of federal dollars received in support of federal fire suppression activities. The amount would bring the Department up to \$350,000 for the biennium. The reimbursements have been deposited to the General Fund. Federal reimbursements should be deposited into a federal special revenue. This allows that \$350,000 of the federal reimbursements can be used for equipment and personnel expenses.

Motion/Vote: REP. RIPLEY moved that FORESTRY DIVISION DP21 DO PASS. Motion carried 7-0.

DP7004

Gary Hamel said that DP7004 includes a request for authority to increase operations costs and targeted reductions. The DP increases General Fund by \$10,326 in FY04 and \$12,294 in FY05.

CHAIRMAN PATTISON asked if the motion could be passed if the increases were eliminated. **Gary Hamel** replied that the Committee could approve the DP and exclude the increases.

Motion/Vote: REP. PATTISON moved that FORESTRY DIVISION DP7004 LESS THE GENERAL FUND AMOUNTS DO PASS. Motion carried 6-1 with REP. MUSGROVE voting no.

NP14

Gary Hamel introduced new proposals beginning with NP14, a restoration of 1.55 seasonal forestry FTE eliminated during the 2001 Legislature.

Motion/Vote: SEN. BUTCHER moved that FORESTRY DIVISION NEW PROPOSAL 14, RESTORE SEASONAL, MINUS THE GENERAL FUND DO PASS. Motion carried 6-1 with REP. MUSGROVE voting no.

{Tape: 3; Side: A; Approx. Time Counter: 14 - 20}

DP26

Gary Hamel said that DP26 is a new proposal to establish an inmate fire crew at Montana State Prison. General Fund is increased by \$23,182 in FY04 and \$23,852 in FY05.

Motion/Vote: REP. MUSGROVE moved that DP26 PRISON FORESTRY CREW DO PASS. Motion failed 1-6 with REP. MUSGROVE voting aye.

DP7001

Gary Hamel said that DP7001 is a funding switch for forest practices program switching funding from General Fund to federal funds in the amount of \$86,575 for each year of the biennium.

Motion/Vote: SEN. BUTCHER moved that FORESTRY DIVISION DP7001 FUNDING SWITCH DO PASS. Motion carried 7-0.

P7020

Gary Hamel stated that DP7020 is a reduction to meet target by elimination of a portion of the state and County Co-op Fire Protection Program, resulting in a reduction of 4.15 FTE and a reduction in General Fund of \$174,963 in FY04 and \$174,930 in FY05. A reduction in State Special Revenue is required by statute. **Doug Schmitz** said this is an attempt to meet the

General Fund reduction. The match is required so that by giving up General Fund, the Department must also forfeit the State Special fund. **Director Clinch** stated that the counties targeted for a reduction were those that have other resources available to them. Equipment will be left with those counties, but training will cease as will maintenance on the equipment on loan.

{Tape: 3; Side: B; Approx. Time Counter: 1 - 7}

Motion/Vote: CHAIRMAN PATTISON moved that DNRC FORESTRY Division DP7020 REDUCTION OF 4.15 FTE DO PASS. Motion carried 6-1 with SEN. SHEA voting no.

{Tape: 3; Side: B; Approx. Time Counter: 7 - 9}

Gary Hamel introduced consideration of reduction or elimination of lower priority programs, referring to page C133 and C134 of the Budget Book, noting there were a couple of additional programs for General Fund reduction consideration. Listed in the book are beneficial programs that utilize General Fund for a portion of the program funding.

Gary Hamel described the Rangeland Resource Program. DNRC funds a portion of the federal employee's wages. DNRC staff works with local grazing management groups to sponsor workshops, tours and demonstration projects and to administer a rangeland improvement loan program. **Gary Hamel** said similar services might be offered by other entities. Fees could be applied or other funding sources might be available. The services have not been identified as a core service to the mission of the Department. The General Fund share is \$66,000 over the 2005 biennium.

{Tape: 3; Side: B; Approx. Time Counter: 9 - 14}

CHAIRMAN PATTISON asked **Director Clinch** if the \$66,000 was removed, if DNRC could find a way to have a fee-based program. **Director Clinch** replied that a fee-based program would be difficult. **Ray Beck** stated the Department is responsible by state law to manage the Rangeland Resource program. The position of coordinator was lost to vacancy savings. Fees would not make up the lost funding.

Gary Hamel stated that the programs being addressed were additional programs that the committee could consider for elimination to meet General Fund reduction. This enables the committee to direct where those reductions would be applied.

Director Clinch asked for clarification on the Committee's action, stating that his understanding that the Committee was acting on additional reductions to the Department's programs based on the LFD's recommendations. **CHAIRMAN PATTISON** replied that the Committee was trying to come up with a means of reaching the targeted reductions.

{Tape: 3; Side: B; Approx. Time Counter: 14 - 17}

Director Clinch stated that it was his understanding that the reductions offered by the Department had not yet been addressed in total, and that as the Department director for over ten years, his expertise should be considered in arriving at the suggested cuts.

Motion/Vote: REP. RIPLEY moved that ELIMINATE GENERAL FUND SUPPORT FOR DNRC RANGE LAND RESOURCE PROGRAM AND DIRECT THE DEPARTMENT TO SUSPEND PROGRAM ACTIVITIES UNTIL OTHER FUNDING SOURCES CAN BE SECURED DO PASS. Motion carried 5-2 with REP. MUSGROVE and SEN. SHEA voting no.

{Tape: 3; Side: B; Approx. Time Counter: 17 - 19}

Gary Hamel reported that programs similar to those offered by the Water Education Program may be available. Users might be willing to pay fees for these programs. General Fund savings of \$96,367 over the 2005 biennium could be realized. One FTE would be eliminated.

Doug Schmitz stated the Department does not have fee-setting authority for this function.

{Tape: 3; Side: B; Approx. Time Counter: 19 - 30}

SEN. NELSON stated she had proposed an amendment to this proposal to allow the funding to be used for the Sheridan County Conservation District for their water monitoring program.

SEN. SHEA asked the Department to address any duplicate programs that might be available. **Jack Stoltz** said the position is critical to many important and successful programs.

Motion/Vote: SEN. NELSON moved that ELIMINATE THE GENERAL FUND SUPPORT FOR THE WATER EDUCATION PROGRAM AND DIRECT THE DEPARTMENT TO SUSPEND PROGRAM ACTIVITIES UNTIL ANOTHER FUNDING SOURCE CAN BE SECURED DO PASS. Motion carried 5-2 with REP. MUSGROVE and SEN. SHEA voting no.

{Tape: 4; Side: A; Approx. Time Counter: 1 - 7}

SEN. SHEA and **SEN. TASH** expressed concern over the elimination of funding for the program. **SEN. NELSON** asked **Gary Hamel** what other funding sources he had in mind when he drafted the language for the proposals which stated "until another funding source can be secured." **Gary Hamel** replied that he had raised the option that other funding sources may exist. Given time constraints during the analysis, he was unable to "delve into all the intricacies of developing a new funding source."

Motion/Vote: **SEN. NELSON** moved that \$30,000 EACH YEAR OF THE NEXT BIENNIUM GO TO THE SHERIDAN COUNTY CONSERVATION DISTRICT FOR GROUND WATER MONITORING PROGRAM RESTRICTED DO PASS. Motion carried 4-3 with **SEN. BUTCHER**, **REP. MUSGROVE**, and **SEN. SHEA** voting no.

{Tape: 4; Side: A; Approx. Time Counter: 7 - 16}

Gary Hamel introduced other options to reduce the unspecified reductions, beginning with Program 21, Centralized Services Division, a DP to eliminate one FTE, an attorney position that is currently vacant. The General Fund reduction is \$71,153 in FY04 and \$70,992 in FY05.

Motion/Vote: **CHAIRMAN PATTISON** moved that ELIMINATE ONE FTE, ATTORNEY POSITION DO PASS. Motion carried 7-0.

Gary Hamel addressed Program 23 and eliminating one FTE, a resource specialist and associated operating costs. The General Fund would be reduced by \$52,596 in FY04 and \$52,595 in FY05.

Motion/Vote: **SEN. NELSON** moved that ELIMINATE ONE FTE, RESOURCE SPECIALIST AND ASSOCIATED OPERATING COSTS DO PASS. Motion carried 7-0.

Gary Hamel stated that in Program 24 the Department has suggested increasing water rights fees by 100 percent, not including the filing fee for objections. This would require amending ARM Rule 3612103. The General Fund base would be reduced by \$224,000 in FY04 and FY05.

SEN. SHEA asked what that meant in terms of fees. **Director Clinch** stated that filing for small water wells would increase to \$50, and larger projects would increase to \$400.

Motion/Vote: REP. RIPLEY moved that INCREASE WATER RIGHTS FILING FEES 100 percent DO PASS. Motion carried 6-1 with REP. MUSGROVE voting no.

Gary Hamel said that in Program 25 the RWRCC would eliminate one administrative support position resulting in a General Fund savings \$38,112 in FY04 and \$38,065 in FY05.

Motion/Vote: CHAIRMAN PATTISON moved that ELIMINATE ONE ADMINISTRATIVE SUPPORT POSITION IN THE RWRCC DO PASS. Motion carried 7-0.

{Tape: 4; Side: A; Approx. Time Counter: 16 - 19}

Gary Hamel addressed the Department proposal in the Forestry Division which would reduce federal authority by \$350,000. If there is a corresponding reduction in HB3, the General Fund would be increased by the same amount. This DP would not impact the allocation of unspecified reductions to the General Fund as it does not impact the Department's General Fund base.

Doug Schmitz urged the committee to accept the Department's proposal as it does increase the General Fund balance. Director Clinch stated that if the funds are taken, but not credited to the Department's unspecified reduction, DNRC would in effect take a double hit toward General Fund reductions. Gary Hamel stated that the committee could give the Department an unspecified increase of General Fund.

CHAIRMAN PATTISON suggested revisiting the proposal at a later time.

Gary Hamel said that the final proposal from DNRC was to reduce operations within the Fire and Aviation Bureau for supplies, contracted services and travel. The operating decrease total \$4,032 for each year of the biennium.

Motion/Vote: SEN. NELSON moved that REDUCTION IN FIRE AND AVIATION OPERATIONS DO PASS. Motion carried 7-0.

{Tape: 4; Side: A; Approx. Time Counter: 19 - 22}

Gary Hamel addressed an addition of \$500,000 each year to offset the impact of the Crow Tribe Settlement payment. It is an unspecified increase.

Motion/Vote: SEN. NELSON moved that AN UNSPECIFIED INCREASE OF GENERAL FUNDS OF \$500,000 FOR EACH YEAR OF THE BIENNIUM TO OFFSET THE IMPACT OF THE CROW TRIBE SETTLEMENT AGREEMENT DO PASS. Motion carried 7-0.

Gary Hamel addressed an unspecified General Fund increase to offset the impact of the RIT funding switch. During the Special Session \$1 million of RIT excess trust balance was transferred from the trust into Reclamation and Development. A corresponding funding switch was then enacted in HB2 which reduced DNRC's General Fund base and increased their State Special Revenue authority. The \$1 million compensates for the unspecified reduction impacts of that funding switch.

Motion/Vote: CHAIRMAN PATTISON moved that AN UNSPECIFIED GENERAL FUND INCREASE OF \$1 MILLION IN FY04 AND FY05 TO OFFSET THE IMPACT OF AN RIT FUNDING SWITCH DO PASS. Motion carried 7-0.

{Tape: 4; Side: A; Approx. Time Counter: 22 - 30}

Gary Hamel stated that he estimated that the committee had now specified all the reductions with \$1,850,000 of unspecified increases to DNRC. CHAIRMAN PATTISON asked if it would be possible for the committee to zero out the reduction remaining through HB3. Gary Hamel replied that the committee could adopt the DP presented by the Department, modified to the level that would bring the allocations to zero with some corresponding language that would direct a reduction in HB3. A motion could be made to adopt an unspecified increase to the General Fund by a like amount.

Director Clinch stated that his figures showed that the Committee exceeded the target reduction by \$125,992 and \$92,352 in the second year.

Motion/Vote: CHAIRMAN PATTISON moved that ADOPT THE DEPARTMENT DP MODIFIED TO THE LEVEL THAT WOULD BRING THE ALLOCATIONS TO ZERO AND ADOPT AN UNSPECIFIED INCREASE TO THE GENERAL FUND BY A LIKE AMOUNT DO PASS. Motion carried 7-0.

Director Clinch thanked the committee for their interest, involvement and questions. Director Clinch stated that in his six years of involvement with the appropriations process, this had been the best engagement of any appropriations committee.

ADJOURNMENT

Adjournment: 12 P.M.

REP. JEFF PATTISON, Chairman

ELAINE G. OLSEN, Secretary

JP/EGO

EXHIBIT (jnh10aad)